

News Release

AIK COMP REHABILITATOR, INTERVENERS REACH AGREEMENT

Plan outlines method for collecting \$90.7 million deficit, offers caps for member liability

FRANKFORT, Ky. (Oct. 5, 2005) – The rehabilitation of troubled workers' compensation self-insured group AIK Comp moved a step closer to resolution Oct. 3 with the signing of an agreement by Glenn Jennings, the rehabilitator, and attorneys representing about 450 of the approximately 3,700 group members.

The settlement came following court-ordered mediation. The documents, including the assessment and rehabilitation plan, are available at www.aikcomp.com.

The plan sets the deficit at \$90.7 million and outlines the method used to determine each member's pro rata share.

If the plan is approved by Franklin Circuit Judge William L. Graham, assessment packages will be mailed to all members. Under the agreement, members would have 60 days to pay at least 80 percent of the assessment with a callable promissory note required for the balance. Payments made under the earlier assessment plan in November 2004 would be credited toward the new total.

Members who do not pay will not be entitled to a share of any third-party recoveries, will be charged for all costs associated with collection efforts and will be charged an additional 1 percent interest per month on the unpaid balance. Criteria for a hardship payment plan are outlined in the documents.

"We are pleased with this plan," said Jennings, who is also executive director of the Kentucky Office of Insurance. "It allows the rehabilitation team to secure the funds needed to pay the claims of injured workers while outlining a plan to cap the liabilities of group members. This was an unfortunate situation for all parties, and we believe this offers the optimal outcome for everyone."

Eunice Montfort of Art's Electric, of Frankfort, said, "We are pleased that the affected groups were able to come together and agree on a plan that not only protects employees but employers as well."

Chris Ellington, chief financial officer of Appalachian Regional Healthcare (ARH), said, "When you consider the vast impact of the AIK Comp assessments on daily business decisions, ARH is very pleased that a settlement quantifying the assessment and its runoff period has been reached."

A fairness hearing is scheduled for Oct. 11 in Franklin Circuit Court to hear from members who object to the plan.

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